

Message Text

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FM SECSTATE WASHDC
TO AMEMBASSY BRASILIA
AMCONSUL RIO DE JANEIRO
INFO AMCONSUL SAO PAULO
AMEMBASSY PANAMA

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PANAMA FOR TUCKER GAO

E.O. 11652: N/A

TAGS: AGAO

SUBJECT: GAO REVIEW: "TRAINING PROVIDED LDC NATIONALS IN
FINANCIAL MANAGEMENT, AUDITING AND EVALUATION"
REF: (A) BRAZIL 4730, (B) STATE 140827, (C) STATE 146150

1. THE GAO HAS REVISED ITS SCHEDULE TO VISIT BRASILIA
FIRST, BUT TEAM STILL WISHES TO VISIT RIO TO MEET WITH
OFFICIALS OF THE GETULIO VARGAS FOUNDATION, THE IDB, THE
NATIONAL DEVELOPMENT BANK (BNDE), AND OTHER INSTITUTIONS
AND ORGANIZATIONS PROVIDING TRAINING THAT THEY MAY
IDENTIFY UPON THEIR ARRIVAL.

2. THE GAO WOULD APPRECIATE THE POSTS' ASSISTANCE IN
MAKING HOTEL RESERVATIONS FOR THE FOLLOWING PERIODS:

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BRASILIA - JULY 23, LEAVING 8/2-3 SINGLES, ED KENNEDY,
JIM HAMILTON AND DANIEL HERNANDEZ (KENNEDY 7/23-7/28 ONLY)

RIO - AUG. 2, LEAVING AUG. 8 - 2 SINGLES HAMILTON AND
HERNANDEZ. LENGTH OF GAO STAY AT EACH LOCATION MAY BE
ALTERED DEPENDING ON WORK SCHEDULE.

3. THE GAO AGREES TO SUPPLY FINAL COPIES OF ITS REPORT TO CONGRESS TO ALL COOPERATING GOB AGENCIES AND TO OTHER INTERESTED PARTIES UPON REQUEST.

4. FOLLOWING RESPONSE WHICH IS KEYED TO PARA 2, REFTEL A IS JUST A GUIDE REPEAT GUIDE, AS REQUESTED. THIS IS INTENDED TO GIVE TCU AN UNDERSTANDING OF THE GAO'S AREAS OF INTEREST AND THE TYPE OF QUESTIONS THEY WILL BE ASKING. IN ADDITION TO QUESTIONS LISTED HERE, GAO WILL HAVE ADDITIONAL QUESTIONS WITHIN THESE SUBJECT AREAS. GAO WISHES TO STRESS THIS IS NOT AN ALL INCLUSIVE QUESTION-NAIRE BUT A GUIDE TO THE INFORMATION GAO WILL NEED.

A. THE GAO TEAM WILL IDENTIFY TRAINING PROVIDED HOST COUNTRY NATIONALS THROUGH DISCUSSIONS WITH GOVERNMENT OFFICIALS, INTERNATIONAL ORGANIZATION OFFICIALS (UNDP, WORLD BANK, OAS, IDB, AND PERHAPS OTHERS), OFFICIALS OF INSTITUTES AND UNIVERSITIES OFFERING SUCH TRAINING (THE GETULIO VARGAS FOUNDATION, THE NATIONAL DEVELOPMENT BANK, AND OTHERS). WE WILL ALSO ASK EACH OF THESE OFFICIALS WHAT TYPES OF TRAINING THE COUNTRY NEEDS TO BEST DEVELOP ITS FINANCIAL MANAGEMENT SYSTEMS. THE FOLLOWING OUTLINES THE INFORMATION GAO WILL NEED IN THIS SUBJECT AREA:

I. WHAT TYPES OF TRAINING NOT ALREADY OFFERED WILL BEST HELP THE GOB DEVELOP THEIR FINANCIAL MANAGEMENT SYSTEM?

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-- WHAT LEVEL TRAINING IS MOST NEEDED, I.E., GRADUATE LEVEL UNIVERSITY, MIDDLE MANAGEMENT FOR A FEW MONTHS OR A YEAR, CLERK-BOOKKEEPER TRAINING, ETC.

-- WHAT TYPES OF INSTITUTIONS OR ORGANIZATIONS CAN BEST PROVIDE THIS TRAINING--TRAINING INSTITUTES SPECIALIZING IN FINANCE AND ACCOUNTING, INSTITUTES WITH A MORE GENERALIZED CURRICULUM, UNIVERSITIES?

-- WHERE CAN THIS TRAINING BEST BE PROVIDED (IN-COUNTRY OR IN A FOREIGN COUNTRY)?

-- CAN THIS TRAINING BE BEST PROVIDED BY HAVING BRAZILIANS WORK FOR DEVELOPED COUNTRY GOVERNMENT AGENCIES ON A LOAN BASIS?

II. DISCUSS WITH OFFICIALS THEIR PLANS FOR PROVIDING TRAINING IN THESE AREAS.

-- WHAT TYPE TRAINING ARE THEY PLANNING TO OFFER?

-- WHY HAVE THEY SELECTED WHAT THEY DID?

-- WHAT INSTITUTIONS, ETC., WILL BE USED TO EXPAND THEIR TRAINING EFFORTS?

III. WHAT COURSES OR SUBJECT AREAS COULD BE ADOPTED BY THESE INSTITUTIONS TO STRENGTHEN IDENTIFIED WEAKNESSES?

-- WHAT MIGHT BE DONE TO ENCOURAGE REGIONAL INSTITUTIONS AND INSTITUTIONS RUN BY DONORS TO OFFER COURSES IN THESE AREAS?

IV. GAO TEAM WILL WISH TO OBTAIN WHATEVER INFORMATION IT CAN ON ALL ON-GOING TRAINING PROGRAMS IN BRAZIL. TEAM IS NOT THERE TO EVALUATE OR REVIEW ANY GOB PROGRAMS BUT UNCLASSIFIED

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WOULD GREATLY APPRECIATE ANY INFORMATION PROVIDED BY THE GOB.

V. TEAM WOULD LIKE TO LOOK AT AND DISCUSS TCU AND INSPECTOR GENERAL OF FINANCE OFFICE PLANS FOR FUTURE TRAINING IN FINANCIAL MANAGEMENT AND AUDITING.

B. GAO BELIEVES TRAINING NEEDS VARY WITH EACH COUNTRY. ONE PURPOSE OF GAO VISIT IS TO IDENTIFY TRAINING NEEDS FROM THE PEOPLE MOST CLOSELY ASSOCIATED WITH PUBLIC FINANCIAL MANAGEMENT. GAO IS PRIMARILY GATHERING INFORMATION ON TRAINING OFFERED AND TYPES OF ADDITIONAL TRAINING THAT MIGHT BE BENEFICIAL. AS STATED IN REF TEL C, GAO IS NOT GOING TO CRITICIZE THE GOB OR SINGLE OUT ANY GOVERNMENTS IN ITS REPORT. BEFORE THE TEAM LEAVES BRAZIL, THEY WOULD BE WILLING TO DISCUSS THEIR OBSERVATIONS WITH ANY EMBASSY AND GOVERNMENT OFFICIALS WHO ARE INTERESTED.

I. GAO BELIEVES THAT A STRONG NATIONAL COMMITMENT IS NECESSARY FOR STRENGTHENING GOVERNMENTAL FINANCIAL MANAGEMENT AND DEVELOPING AN EFFECTIVE TRAINING PROGRAM. ONCE A COMMITMENT HAS BEEN MADE, A GOVERNMENT MUST DECIDE WHAT SUBJECT AREAS NEED ATTENTION (ACCOUNTING, AUDITING, ETC.), WHAT LEVEL THESE COURSES SHOULD BE (GRADUATE LEVEL, MID-CAREER, MIDDLE MANAGER, ETC.), HOW LONG AND WHAT INSTITUTIONS SHOULD PARTICIPATE (NEW OR LONG STANDING, GOVERNMENT-SPONSORED OR PRIVATE). THE PROCESS USED TO SELECT PARTICIPANTS IS ALSO VERY IMPORTANT. IT SHOULD ENSURE THAT THE BEST QUALIFIED CANDIDATES WHO ARE MOST LIKELY TO RETURN TO GOVERNMENT SERVICE ARE CHOSEN. GAO WILL GATHER INFORMATION ON THE ABOVE SUBJECTS.

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II. GAO ASSIGNMENT IS INTENDED AS A STUDY OF LATIN AMERICAN COUNTRIES AND AS SUCH WILL NOT REVIEW SITUATION IN EACH COUNTRY VISITED IN GREAT DEPTH.

C. INFORMATION OBTAINED ON THE GOB'S AUDITING AND ACCOUNTING SYSTEMS WILL, AGAIN, NOT BE USED TO CRITICIZE THE GOB BUT WILL BECOME PART OF OUR COMPOSITE STUDY ON LATIN AMERICA.

THE INFORMATION GAO WILL NEED INCLUDES THE FOLLOWING:

I. HAS THE GOVERNMENT ADOPTED GENERALLY ACCEPTED ACCOUNTING AND AUDITING PRINCIPALS?

-- IF SO, WHO DEVELOPED THEM?

-- WHAT ARE THEY BASED ON?

-- HOW CLOSELY ARE THEY ADHERED TO?

II. IDENTIFY PROBLEMS WITH GOVERNMENTAL ACCOUNTING AND AUDITING SYSTEMS.

-- WHAT DO THEY THINK MUST BE DONE TO OVERCOME THESE PROBLEMS? ARE THESE MEASURES FEASIBLE?

-- CAN TRAINING OF SKILLED FINANCIAL MANAGERS HELP OVERCOME THESE PROBLEMS?

-- ALSO COMMENT ON CONCLUSIONS DRAWN BY ILACIF (OF WHICH BRAZIL IS A MEMBER) ON FINANCIAL MANAGEMENT AND AUDITING IN LATIN AMERICA FOUND ON PAGES 3 AND 4 OF "ANALYSIS OF FINANCIAL MANAGEMENT AND AUDITING IN THE PUBLIC SECTOR IN LATIN AMERICA" (AN ILACIF PUBLICATION). DO THEY HAVE ANY COMMENTS, OR CONCLUSIONS OF THEIR OWN TO ADD?

III. DOES THE GOB HAVE AN INDEPENDENT EXTERNAL AUDIT

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BODY THAT REVIEWS ALL GOVERNMENT PROGRAMS?

-- IF SO, WHO DOES IT REPORT TO?

-- WHAT TYPES OF REVIEWS DOES IT UNDERTAKE (FINANCIAL AUDITS, ECONOMY AND EFFICIENCY REVIEWS, OTHER)?

-- DOES IT WISH TO UNDERTAKE ADDITIONAL AUDIT RESPONSIBILITIES? IF SO, WHAT RESTRICTIONS ARE INHIBITING THEM?

5. GAO POINTS OUT THAT THEY MAY HAVE ADDITIONAL QUESTIONS UPON THEIR ARRIVAL IN COUNTRY.

6. THE GAO TEAM WILL HAVE SOME PORTUGUESE LANGUAGE CAPABILITY. HIRE OF INTERPRETER WILL BE DETERMINED AFTER TEAM'S ARRIVAL. VANCE

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